

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Applicant Ex2
Admitted 9/12/02
OFFICIAL FILE

SOS Telecom, Inc.

Application for a certificate of
local and interexchange authority
to operate as a reseller and facilities
based carrier of telecommunications
services throughout the State of
Illinois.

Docket No.

I.C.C. DOCKET NO. 02-0536

Exhibit No. 2

Witness

Date 9/12/02 Reporter

APPLICATION FOR CERTIFICATE TO BECOME A
TELECOMMUNICATIONS CARRIER

GENERAL

1. Applicant's Name(including d/b/a, if any)

FEIN # 36-4501404

SOS Telecom, Inc.

Address: Street 2485 North Clark Street

City Chicago State/Zip Illinois, 60614

2. Authority Requested: (Mark all that apply) ☒ 13-403 Facilities Based Interexchange

☒ 13-404 Resale of Local and/or Interexchange

☒ 13-405 Facilities Based Local

3. Request for waivers/variances: In applications for local exchange service authority under Sections 13-404 or 13-405, waivers of Part 710 and of Section 735.180 of Part 735 are generally requested. In applications for interexchange service authority under Sections 13-403 and 13-404, waivers of Part 710 and Part 735 are generally requested. Please indicate which waivers Applicant is requesting and explain why Applicant is requesting each waiver/variance.

☒ Part 710 Uniform System of Accounts for Telecommunications Carriers

☒ Part 735 Procedures Governing the Establishment of Credit, Billing, Deposits,
Termination of Service and Issuance of Telephone Directories for Local
Exchange Telecommunications Carriers in the State of Illinois

☒ Section 735.180 Directories

☐ Other

4. For all applicants requesting local exchange authority under Section 13-404 or Section 13-405, please complete the following:

- (a) the Standard Questions for Applicants Seeking Local Exchange Service Authority found in Appendix A of this document
- (b) the 9-1-1 Questions for Applicants Seeking Local Exchange Service Authority found in Appendix B of this document;

- (c) the Financial Questions for Applicants Seeking Local Exchange Service Authority found in Appendix C of this document; and
- (d) if applicable, the Prepaid Service Questions for Applicants Seeking Local Exchange Service Authority found in Appendix D of this document.

5. In what area of the state does the Applicant propose to provide service?

Applicant seeks statewide authority, although it initially expects to offer service in the Chicago area.

6. Please attach a sheet designating contact persons to work with Staff on the following:

- a) issues related to processing this application
Stephen J. Moore
Rowland & Moore
77 W. Wacker Dr., Suite 4600, Chicago IL 60601
voice: (312) 803-1000
fax: (312) 803-0953
r&m@telecomreg.com
- b) consumer issues
- c) customer complaint resolution
- d) technical and service quality issues
- e) "tariff" and pricing issues
- f) 9-1-1 issues
- g) security/law enforcement

The contact person for (b) through (g) is:

Jang Woo Jo
President
SOS Telecom, Inc.
2485 N. Clark Street, Chicago, IL 60614
voice: (773) 325-0805
fax: (773) 325-0803
skylink@ameritech.net

Please identify each contact person's (i) name, (ii) title, (iii) mailing address, (iv) telephone number, (v) facsimile number, and (vi) e-mail address.

7. Please check type of organization?

☐ Individual ☒ Corporation
☐ Partnership Date corporation was formed July 1, 2002
In what state? Illinois
☐ Other (Specify) _____

8. Submit a copy of articles of incorporation and a copy of certificate of authority to transact business in Illinois.

See attached Articles of Incorporation from the State of Illinois marked Appendix E.

9. List jurisdictions in which Applicant is offering service(s).

None _____

10. Has the Applicant, or any principal in Applicant, been denied a Certificate of Service or had its certification revoked or suspended in any jurisdiction in this or another name?

_____ YES (Please provide details) ☒ NO

11. Have there been any complaints or judgments levied against the Applicant in any other jurisdiction?

_____ YES ☒ NO

If YES, describe fully. _____

12. Has Applicant provided service under any other name?

_____ YES ☒ NO

If YES, please list _____

13. Will the Applicant keep its books and records in Illinois? ☒ YES _____ NO

If NO, permission pursuant to 83 Ill. Adm Code Part 250 needs to be requested.

MANAGERIAL

14. Please attach evidence of the applicant's managerial and technical resources and ability to provide service. This may be in either narrative form, resumes of key personnel, or a combination of these forms.

Appendix F is a narrative of the background of the key personnel of Applicant.

15. List officers of Applicant.

Jang Woo Jo, President, Secretary and Treasurer

16. Does any officer of Applicant have an ownership or other interest in any other entity which has provided or is currently providing telecommunications services? _____ YES ☒ NO

If YES, list entity. _____

17. How will Applicant bill for its service(s)? (At a minimum, describe how often the Applicant will bill for service and details of the billing statement.)

Applicant will bill its customers on a monthly basis. Applicant's bills will provide sufficient detail to show services and features being provided and the cost of those services and features. All taxes and surcharges will be listed on the bill. Such taxes and surcharges will be listed in the manner set forth in any applicable Commission regulation. Applicant will be offering prepaid services, so customers will pay a flat fee each month for the type of usage that they are authorized to have (based on which flat fee service plan of Ameritech that Applicant resells to each customer.) Calls beyond the authorized area will be blocked, so customers' charges should be limited to their prepaid level. Customers will ordinarily pay their prepaid fee at one of the retail outlets of Applicant. At this time, Applicant has made arrangements for approximately 100 retail outlets. In addition to prepaid residential services, Applicant will have some business service customers with non-prepaid billing in which Applicant will issue bills by mail indicating monthly fixed charges and usage charges.

18. How does Applicant propose to handle service, billing, and repair complaints? (At a minimum, describe Applicant's internal process for complaint resolution, the complaint escalation process, the timeframe and process by which the customer is notified by Applicant that they may seek assistance from the Commission?)

Applicant will have a toll free number for customers to call with service billing or repair complaints. Applicant's complaint process will be set forth in its tariffs. Applicant's procedures will allow customers to initially bring complaints to Applicant's service personnel and escalate complaints to Applicant's senior management. Customers will be provided written notice of their rights to seek assistance from the Commission.

19. Will personnel be available at Applicant's business office during regular working hours to respond to inquiries about service or billing? ☒ YES ☐ NO

20. What telephone number(s) would a customer use to contact your company?

The current number is 773-325-0805. Applicant is in the process of obtaining a toll free number.

21. Will Applicant abide by all Federal and State slamming and cramming laws pursuant to Section 13-902 of the Public Utilities Act and Section 258 of the 1996 Telecommunications Act?

☒ YES ☐ NO

22. Please describe applicant's procedures to prevent slamming and cramming of customers?

Applicant's slamming and cramming are not currently in place. Applicant can state that it will abide by all FCC and Illinois Commerce Commission rules and state or federal statutes regarding the prevention of slamming. At this time, Applicant plans to use procedures that include customer authorization letters and third party verification.

23. If granted authority to operate as a local exchange carrier, will the applicant abide by the following 83 Illinois Administrative Code Parts: 705, 710, 720, 725, 730, 732, 735, 755, 756, 757, 770, and 772?

☒ YES ☐ NO (If no, please provide an explanation.)

24. Is Applicant aware that it must file tariffs prior to providing service in Illinois?

☒ YES ☐ NO

FINANCIAL

25. Please attach evidence of Applicant's financial fitness through the submission of its most current income statement and balance sheet, or other appropriate documentation of applicant's financial resources and ability to provide service.

Applicant is a new corporation formed to provide the services for which it seeks certification at this time. It therefore has no financial history. In order to demonstrate its financial fitness, Applicant is providing as Appendix G its business plan, showing its expected expenses and revenues. Additionally, Applicant is providing as Appendix H its current bank statement showing its current cash balance of as of July 31, 2002. Applicant believes that these cash reserves are sufficient for its planned operations for its initial startup period, which will consist primarily of prepaid telecommunications services using resold services from Ameritech. Applicant's revenues should therefore track its expenses and in fact, be received slightly prior to the billing of its primary expenses – Ameritech's resold service invoices and the commissions paid to the retail outlets that sign up customers to Applicant's services. Applicant requests proprietary treatment for Appendixes G and H, which are confidential financial documents containing business plans and strategies.

TECHNICAL

26. Does Applicant utilize its own equipment and/or facilities? ☒ YES ☐ NO

If YES, please list the facilities Applicant intends to utilize. Also include evidence that Applicant possesses the necessary technical resources to deploy and maintain said facilities:

Applicant will initially provide service through resale. Applicant expects that it will eventually install a "soft" switch that operates primarily through a personal computer using software designed to track prepaid calling usage.

If NO, which facility provider(s)'s services does the Applicant intend to use?

Applicant will resell Ameritech Illinois local exchange service.

27. Please describe the nature of service to be provided (e.g., operator services, internet, debit cards, long distance service, data services, local service, prepaid local service).

Applicant will provide residential prepaid local service and local exchange business service.

28. Will technical personnel be available at all times to assist customers with service problems?

☒ YES ☐ NO

29. If Applicant intends to provide payphone service, will the equipment utilized comply with FCC requirements and Finding (9) of the Commission Order entered in Docket No. 84-0442 on June 11, 1986, including, but not limited to: (a) touch dialing; (b) access to 9-1-1 and "0" operator dialing without use of a coin; (c) rules governing use of payphones by disabled persons; (d) ability to complete local and long-distance calls; (e) unlimited duration for local calls; and (f) a message explaining the telephone's general operations, dialing instructions for emergency assistance, payphone owner's name, method of reporting service problems and method of receiving credit for faulty calls? ☐ YES ☐ NO

Not applicable because Applicant will not offer payphone service.

(Signature of Applicant)

VERIFICATION

(Filed separately as a scanned document)

Standard Questions for Applicants Seeking Local Exchange Service Authority

1. Is your company seeking any waivers or variances of certain Commission rules and regulations in this proceeding that pertain to local exchange service? Please provide evidence as to why your company is seeking any waiver or variance.

Answer: Applicant requests a variance from 83 Ill. Adm. Code Part 735.180, the requirement to publish a directory.

Applicant further requests a waiver of the application of Part 710 Uniform System of Accounts for Telecommunications Carriers. These waivers are identical to those previously granted by the Commission to other similarly situated telecommunications carriers. A variance of Section 735.180 is appropriate because no party will be injured by the grant of a variance and the rule would be unreasonably or unnecessarily burdensome as applied to Applicant. No party will be harmed by a grant of this variance because it is in the interest and convenience of the public to be able to refer to one directory for a universal listing of customer information. It would be unnecessarily burdensome for Applicant to publish and distribute its own directory to all customers located within its exchange areas since nearly all such customers will receive local exchange service from their existing local exchange carrier.

Applicant requests a waiver of 83 IAC 710 relating to the requirement to maintain records under the USOA because it can maintain its books and records in an accounting system that complies with Generally Accepted Accounting Principles (GAAP). An accounting system following GAAP would more accurately reflect Applicant's business operations. A copy of the system of accounts that Applicant will use is contained in the projected financial statements attached as Schedule ___. Pursuant to Part 710.18, as a carrier requesting a waiver of the USOA, Applicant must establish: (1) that existing peculiarities or unusual circumstances are present which warrant a departure from the prescribed procedure or technique; (2) that Applicant's alternative reporting procedures will result in a substantially equivalent or more accurate portrayal of Applicant's operating results or financial condition, consistent with the principles embodied in the system of accounts; and (3) that the use of the alternative procedure will maintain or improve uniformity in substantive results as among telecommunications carriers. First, requiring Applicant to maintain its accounting records and procedures in conformity with USOA would be unnecessarily burdensome and of no particular benefit to its customers. In addition, the requirement places Applicant at a competitive

disadvantage since other new entrants of similar size have already been granted waivers which exclude them from the burden of complying with the USOA. Second, Applicant will maintain an accounting system in accordance with GAAP that will accurately reflect the company's operations. These procedures will provide for comparable reporting of Applicant's local service operations and will allow for a meaningful review of the company's operations by the ICC. Third, the use of GAAP by Applicant will not affect the review of telecom carriers by the ICC and would be consistent with the accounting procedures used by other new entrants, allowing the ICC to uniformly monitor the new companies.

2. Will your company comply with 83 Illinois Administrative Code Part 772, Pay-Per-Call Services, including Part 772.55(a)(1), Billing and Part 772.100(d) Notices?

Answer: Yes.

3. Will your company comply with 83 Illinois Administrative Code Part 705, Preservation of Records of Telephone Utilities?

Answer: Yes

4. Will your company abide by 83 Illinois Administrative Code Part 735, "Procedures Governing the Establishment of Credit, Billing, Deposits, Termination of Service and Issuance of Telephone Directories for Telephone Utilities in the State of Illinois"?

Answer: Yes, with the exception of 83 IAC 735.180, of which a waiver has been requested above.

5. Will your company abide by 83 Illinois Administrative Code Part 732, "Customer Credits"?

Answer: Yes.

6. Who will provide customer repair service for your company?

Answer: Yes. As a reseller of Ameritech services, Applicant will be able to call upon Ameritech to provide customer repair services of its resold lines.

7. How many people does the company employ?

Answer: At this time, Applicant employs eight persons.

8. Will your company meet the requirements as they pertain to the Telephone Assistance Programs imposed by Sections 13.301 and 13.301.1 of the Illinois Public Utilities Act and 83 Illinois Administrative Code Part 757?

Answer: Yes.

9. Will your company solicit, collect, and remit the voluntary contributions from its telephone subscribers to support the Telephone Assistance Programs?

Answer: Yes.

10. Does your company plan on filing to become an Eligible Telecommunications Carrier?

Answer: No.

11. Does the company realize that it will not be able to receive any of the federal reimbursements for the Lifeline and Link Up Programs if it is not an eligible carrier?

Answer: Yes.

12. Will your company offer all of the waivers associated with the Universal Telephone Service Assistance Programs (UTSAP)?

Answer: Yes.

13. Will your company abide by the regulations as prescribed in 83 Illinois Administrative Code Part 755, "Telecommunications Access for Persons with Disabilities," 83 Illinois Administrative Code Part 756 "Telecommunications Relay Service," and Sections 13-703 of the Illinois Public Utilities Act?

Answer: Yes.

14. Will the company's billing system be able to distinguish between resale and facilities based service for the collection of the ITAC line charge?

Answer: Yes.

15. Has your company signed and return the Universal Telephone Assistance Corporation ("UTAC") and the Illinois Telecommunications Access Corporation ("ITAC") to Commission staff?

Answer: Yes.

16. How does your company plan to solicit customers once it begins to provide local service?

Answer: Applicant has established marketing arrangements with approximately 100 wireless phone outlets. Those outlets will offer to their customers the ability to sign up for applicant's prepaid local exchange service.

17. Has your company provided service under any other name?

Answer: No.

18. Have any complaints or judgments been levied against the company? (Instate, out-of-state, or FCC).

Answer: No.

Appendix B

9-1-1 Questions for Applicants Seeking Local Exchange Service Authority

1. Will your company ensure that 911 traffic is handled in accordance with the 83 Illinois Administrative Code Part 725 and the Emergency Telephone System Act?

Answer: Yes.

2. Will your company contact and establish a working relationship with the 911 systems when you begin to provide local telephone service?

Answer: Yes.

3. Will your company coordinate with the incumbent LEC(s) and local 911 systems to provide transparent service for your local exchange customers?

Answer: Yes.

4. Who will be responsible for building and maintaining the 911 database for your local exchange customers?

Answer: As a reseller of Ameritech services, Applicant will work with Ameritech to build and maintain the 911 database for its local exchange customers.

5. How often will your company update the 911 database with customer information?

Answer: As customers are added to the Applicant's system, it will provide information to Ameritech that will allow it to update its 911 database.

6. Will your company's billing system have the ability to distinguish between facilities based and resale for the collection of the 911 surcharge?

Answer: Yes.

7. Does your company have procedures for the transitioning of the 911 surcharge collection and disbursement to the local 911 system?

Answer: Yes.

8. Will your company's proposal require any network changes to any of the 911 systems?

Answer: No.

9. Will your company be able to meet the requirements specified under Part 725.500(o) and 725.620(b) for the installation of call boxes?

Answer: As a reseller of Ameritech services, Applicant does not expect to need to install call boxes.

10. Does your company plan to file for a waiver of Part 725.500(o) and 725.620(b) in the future?

Answer: If it is determined that Applicant has obligations under Part 725.500(o) and 725.620(b) then it will petition for a waiver of those requirements.

Financial Questions for Applicants Seeking Local Exchange Service Authority

1. (Answer if requesting waiver of Part 710) What circumstances warrant a departure from the prescribed Uniform System of Accounts ("USOA")?

Answer: Applicant is requesting a waiver of Part 710. See response to Appendix A, question 1 for a description of the circumstances that warrant that departure from USOA..

2. Will records be maintained in accordance with Generally Accepted Accounting Principles ("GAAP")?

Answer: Yes.

3. Will applicants accounting system provide an equivalent portrayal of operating results and financial condition as the USOA?

Answer: Yes.

4. Will applicants accounting procedures maintain or improve uniformity in substantive results as among similar telecommunications companies?

Answer: Yes.

5. Will applicant maintain its records in sufficient detail to facilitate the calculation of all applicable taxes?

Answer: Yes.

6. Does the accounting system currently in use by applicant provide sufficiently detailed data for the preparation of Illinois Gross Receipts Tax returns? What specific accounts or sub-accounts provide this data?

Answer: Yes. See attached System of Accounts, Appendix I, for specific accounts.

7. If a waiver of Part 710 is granted, will applicant provide annual audited statements or all periods subsequent to granting of the waiver?

Answer: Yes.

8. Does applicant agree that the requested waiver of Part 710 will not excuse it from compliance with future Commission rules or amendments to Part 710 otherwise applicable to the Company?

Answer: Yes.

9. Please attached a copy of applicant's chart of accounts.

Answer: See attached system of accounts, Appendix I.

Prepaid Service Questions for Applicants Seeking Local Exchange Service Authority

1. Will customers have the ability to sign up with any long distance company they choose?

Answer: Yes.

2. Will customers have the ability to use dial around long distance companies?

Answer: Yes.

3. Does the applicant have interexchange authority in Illinois? If yes, please provide the docket number.

Answer: No. Applicant is requesting such authority in this proceeding.

4. Will customers have access to the Illinois Relay Service?

Answer: Yes.

5. Will customers be able to make 1-800 calls for free?

Answer: Yes.

6. Will the Company offer operator services?

Answer: Yes.

7. Please describe how applicant plans to collect the monthly fee to be paid in advance.

Answer: Applicant will be offering prepaid services, so customers will pay a flat fee each month for the type of usage that they are authorized to have (based on which flat fee service plan of Ameritech that Applicant resells to each customer.) Calls beyond the authorized area will be blocked, so customers' charges should be limited to their prepaid level. Customers will ordinarily pay their prepaid fee at one of the retail outlets of Applicant. At this time, Applicant has made arrangements for approximately 100 retail outlets. In addition to prepaid residential services, Applicant will have some business service customers with non-prepaid billing in which Applicant will issue bills by mail indicating monthly fixed charges and usage charges. Initially, Applicant expects that its business customers will consist of its 100 retail outlet marketing its residential prepaid service.

8. Will customers' monthly bills show a breakdown of services, features, surcharges, taxes, etc.? ?

Answer: Yes.

9. Will customers pay an installation fee? If yes, will payment arrangements be offered for the installation fee? ?

Answer: Yes. Customers will pay an installation fee. Applicant will not offer payment arrangements for the installation fee.

10. Will telephone service be in the Company's name or the customer's name. If in the Company's name how will information appear in data bases, such as 9-1-1, directory assistance, etc.? ?

Answer: Telephone service will be in the customer's name.

11. Will applicant offer prepaid service as a monthly service or as a usage service? ?

Answer: Applicant will resell monthly usage packages of Ameritech and will therefore provide both monthly and usage services on a prepaid basis.

12. Will applicant provide a warning when the remaining value of service is about to cease?

Answer: Yes.

13. Is the customer given more than one notice of the remaining value of service?

Answer: Yes.

14. How much advance notice is given to the customer of the remaining value of service?

Answer: Most customers will have usage packages that include unlimited calling within a prescribed area. Calls outside that area will be blocked and could only be made through a prepaid calling card or by arrangement for service from an interexchange carrier. To the extent that Applicant's customers prepay for measured usage charges, Applicant's system will automatically notify customers when they have five minutes of time left.

15. If the customer is in the middle of a call will they be disconnected when the remaining value of service has expired?

Answer: Yes.

16. Has the customer been made aware of potentially being disconnected during a call when the remaining value of service expires?

Answer: Yes.

17. When does the timing of a call start?

Answer: Upon connection.

17. If the person called does not answer, is any time deducted from the customer's account?

Answer: No.

18. Will there be any other instances in which the Company would disconnect a customer, other than running out of prepaid time?

Answer: No.

20. When a customer runs out of time is their phone immediately disconnected or on suspension? (Will they still be able to receive calls?)

Answer: The phone will be disconnected and the customer will not be able to receive calls.

21. Are applicant's services available to TTY callers?

Answer: Yes.

22. How will the applicant handle a complaint from a customer who disputes the amount of time used or remaining?

Answer: Through its regular complaint procedures.

22. The Public Utilities Act requires a local calling area that has no time or duration charges. How will the Company define each customer's untimed local calling area?

Answer: Applicant will resell untimed calling packages from Ameritech and will use its definitions of untimed local calling areas.